

~~CONFIDENTIAL~~
TOP SECRET

MYTELS, February 7, February 21, February 25, indicate my growing concern over the outcome of elections in Italy. I am sure that Department will agree with me that if the Communists and the Communist controlled PSI should succeed in obtaining a sufficient electoral strength to ensure their reentering the government it will mean the defeat of our entire Italian policy and the beginning of a trend towards totalitarianism in Italy that it will be practically impossible to stop. The responsibility of such development will of course rest with the Italian people but a Communist electoral victory will also mean a victory for Soviet policy regarding Italy as opposed to the policy of the US. The Soviet Union in its policy in Italy has quite obviously concentrated entirely on direct support of Communist Party in Italy and the unlimited funds now being spent by the Communist for electoral purposes are the result of Soviet support.

As the election campaign develops, the weight of the well-organized, dynamic, and costly campaign of the Communist-Socialist front becomes clearly and disturbingly evident. Through sheer preponderance of expenditures for posters, leaflets, busses, flags, bands, and general paraphernalia of demagoguery the front is pulling in masses in almost every area in Italy. This campaign, of course, is largely based on the dangers of imperialist monopoly inherent in American aid and the Marshall Plan, to which are added promises of nationalization of industry and division of the land to the peasants. The successes of what they call the "democratic forces" of Gottwald in Czechoslovakia, Pauker in Rumania, and Rakosi in Hungary, are headlined as indication of the strength of the "peoples" Communist movement which will inevitably take over all of Europe. With considerable skill and alarming success they are playing up the Italian propensity to flock to the winning banner.

Practically all the non-Communist Italians with whom we have conversed during the past two weeks appear greatly concerned over the present trend of public opinion. They see their own campaigns as pitifully small and inadequate as compared with the blazing fanfare of the Communist-Socialist front, yet they claimed to have gathered every available lira from industry and from individuals. They state that the business recession, the stringency of bank credits, the severe drop in the value of securities on the bourse, and the heavy demands of the patrimonial tax have made it impossible for them to raise funds which are comparable to those available to the Communists.

The Prime Minister himself has remarked to me on the wave of alarm which has penetrated quite generally since the Pescara elections.

State Department review completed

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Day after day the Embassy continues to be approached by responsible persons who urge that assistance be given by the US to the campaign of the non-Communist parties. One of these, the Under Secretary of the Interior, emphasizes that he now no longer is preoccupied by the question of a Communist uprising or an attempt to take power by force. He says that the situation has now become one where the real worry is that the Communists would merely walk into power by legal electoral means through having been able to win the electoral campaign by manipulation and lavish expenditure of funds not available to the other parties.

I consider that the time has now come for us to take appropriate measures whereby the center and left forces in Italy who stand for the principles of democracy will receive financial support equal to that available to the Communists. I recommend that this financial support be limited to the Independent Socialist and Christian Democratic Parties and possibly the Republican Party, and that it be transmitted through non-governmental channels. The American people and the Congress have poured American aid into Italy at the rate of 350 million dollars for this fiscal year alone. Altogether, the US has spent nearly two billion dollars to save Italy from totalitarianism and Communist domination. It seems incomprehensible to me that in this final and critical moment we should refrain from additional aid of some one or two million dollars to be used in an electoral campaign which will decide the future of Italy and will have a great bearing on the future of Europe.

I make this recommendation after serious consideration of the situation before us and based upon my deep conviction that the vast majority of Italians are not at heart in favor of the country coming under the domination of the Communists. I feel that there would be no question as to the outcome if the Italian people thoroughly understood the issue before them, but they cannot be expected to understand the issue if the one-sided campaign of lies, promises, and distortions by the Communists is not met by a presentation by the forces of democracy of the real issue of independence and the individual liberty as against totalitarian slavery. To present this case to the people all the paraphernalia of an electoral campaign is needed and the democratic forces in Italy will be unable to present their case unless they receive some assistance.

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ER 1-1234

7 July 1950

MEMORANDUM FOR: ASSISTANT CHIEF OF STAFF, G-2,
DEPARTMENT OF THE ARMY
DIRECTOR OF NAVAL INTELLIGENCE
DIRECTOR OF INTELLIGENCE, HEADQUARTERS,
UNITED STATES AIR FORCE

SUBJECT: Consolidated Weekly Summary of Soviet and
Satellite Order-of-Battle Data

1. The President has asked that this Agency prepare for him each week a summary of all available order-of-battle information on Soviet Russia and the Satellite countries. The summary is to be based on all Army, Navy, and Air Force data on the subject, and is to be integrated with certain other information of a political and psychological nature. Information on recent concentrations and movements of Soviet and Satellite armed forces is to be included.
2. Preparation of such a summary will require that the intelligence agencies of Army, Navy, and Air Force supply to the Central Intelligence Agency their own detailed estimates on a weekly basis.
3. It is necessary to set up a procedure for the prompt transmission of order-of-battle reports prepared on a weekly basis.
4. It is suggested that it may be appropriate for the respective departmental intelligence agencies to issue, each Wednesday Noon, or at some other time each week if more convenient, complete order-of-battle estimates on Soviet and Satellite armed forces, and that these estimates are to be delivered to this Agency as soon as issued.
5. It is requested that your acceptance of the Wednesday date, or other date if preferable to you, be telephoned to this Office.

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s/DISP VIA Courier 7/8/50
R. H. HILLENKOETTER
Rear Admiral, USN
Director of Central
Intelligence

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CENTRAL INTELLIGENCE AGENCY
WASHINGTON 25, D. C.

CONFIDENTIAL

1234

7 July 1950

MEMORANDUM FOR: DIRECTOR

SUBJECT: Consolidated weekly summary of Soviet
and Satellite order-of-battle data for
the President

1. The President has asked that this Agency prepare for him each week a summary of all available order-of-battle information on Soviet Russia and the Satellite countries. The summary is to be based on all Army, Navy, and Air Force data on the subject, and is to be integrated with certain other information of a political and psychological nature. Information on recent concentrations and movements of Soviet and Satellite armed forces is to be included.

2. Preparation of such a summary will require that the intelligence agencies of Army, Navy, and Air Force supply to CIA their own detailed estimates on a weekly basis.

3. ~~Though the several intelligence agencies of the Department of Defense have extended very considerable cooperation to CIA in recent months, no procedure has been set up for the prompt transmission of order-of-battle reports prepared on a weekly basis.~~

4. It is suggested that it ^{may} ~~would~~ be appropriate for the Secretary of Defense to have instructions issued to G-1, G-2, and A-2 that they are henceforth to issue each Tuesday noon (or at some other time of each week if more convenient) complete order-of-battle estimates on Soviet and Satellite armed forces, and that these estimates are to be delivered to CIA as soon as issued. ~~No doubt the Secretary of Defense will wish copies of these estimates for his own information.~~

It is necessary to set up a

CENTRAL INTELLIGENCE AGENCY
 OFFICIAL ROUTING SLIP

TO	INITIALS	DATE
1 Director	<i>[Signature]</i>	3/8/48
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FROM	INITIALS	DATE
1 DEPUTY DIRECTOR	<i>[Signature]</i>	4 Mar
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<input type="checkbox"/> APPROVAL	<input checked="" type="checkbox"/> INFORMATION	<input type="checkbox"/> SIGNATURE
<input type="checkbox"/> ACTION	<input type="checkbox"/> DIRECT REPLY	<input type="checkbox"/> RETURN
<input type="checkbox"/> COMMENT	<input type="checkbox"/> PREPARATION OF REPLY	<input type="checkbox"/> DISPATCH
<input type="checkbox"/> CONCURRENCE	<input type="checkbox"/> RECOMMENDATION	<input type="checkbox"/> FILE

REMARKS: This is a copy of message from Ambassador Dunn to State on 1 March. It presents the Italian problem so clearly that I thought you might like a copy at hand. Note his figure on Page 2, underlined.